

AMPLIFON

Sector: Healthcare

OUTPERFORM

Price: Eu20.40 - Target: Eu30.00

Sharp Sell-Off on Modest Growth Shift, French Outlook Unchanged

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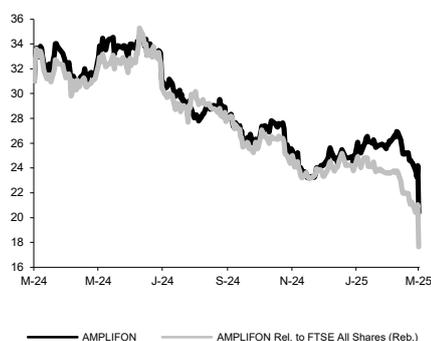
Stock Rating

| | | | |
|--------------------|---------------------|-------|-------|
| Rating: | Unchanged | | |
| Target Price (Eu): | from 33.00 to 30.00 | | |
| | 2025E | 2026E | 2027E |
| Chg in Adj EPS | -4.7% | -4.3% | -5.0% |

Next Event

1Q25 Results 6 May 2025

AMPLIFON - 12M Performance



Stock Data

| | | | |
|-------------------------|-------------|-----------|------------|
| Reuters code: | AMPF.MI | | |
| Bloomberg code: | AMP IM | | |
| Performance | 1M | 3M | 12M |
| Absolute | -22.1% | -16.0% | -34.2% |
| Relative | -26.3% | -27.1% | -49.7% |
| 12M (H/L) | 34.64/20.40 | | |
| 3M Average Volume (th): | 769.01 | | |

Shareholder Data

| | |
|------------------------------|-------|
| No. of Ord shares (mn): | 226 |
| Total no. of shares (mn): | 226 |
| Mkt Cap Ord (Eu mn): | 4,618 |
| Total Mkt Cap (Eu mn): | 4,618 |
| Mkt Float - Ord (Eu mn): | 2,665 |
| Mkt Float (in %): | 57.7% |
| Main Shareholder: | |
| Ampliter Srl (Susan Holland) | 42.0% |

Balance Sheet Data

| | |
|---------------------------------|--------|
| Book Value (Eu mn): | 1,272 |
| BVPS (Eu): | 5.62 |
| P/BV: | 3.6 |
| Net Financial Position (Eu mn): | -1,416 |
| Enterprise Value (Eu mn): | 5,520 |

The FY24 top line was in line with consensus, but profitability was lower due to increased investments in the brand and distribution network, although this did not affect cash generation. In a highly volatile macro environment, yesterday's market reaction (-16%) to the 2025 outlook seems excessive, as the updated projections only reflect a modest shift in top line growth to mid-to-high single-digit from high single-digit in FY24, with a $\geq 24\%$ margin leading to a 4-5% adj. EPS cut. That said, we appreciated management's confirmation that assumptions on France remain unchanged and should support the EMEA rebound from 2Q onwards, a key driver of our positive investment case on Amplifon.

■ **FY results:** Amplifon reported an FY24 top line in line with consensus, but EBITDA fell 1% and the bottom line was down 7%, reflecting softer EMEA demand and increased investments. Organic growth remained strong at +3.4% despite a tough comp. (+8% in FY23), with M&A contributing +3.6pp, leading to 7% growth at CER (in line with the high single-digit guidance). EMEA showed a QoQ slowdown in organic growth (4Q: +0.3%, 3Q: +1.3%) reflecting weak demand in France and a soft November in Spain (Dana storm, 50+ PoS affected). In Americas, 4Q was hit by reversal of the ARS devaluation and a tough comp., while the US saw double-digit trends, with above-market organic growth in Miracle Ear (500+ PoS) and AHHC. APAC saw solid growth in China despite macro challenges, with a strong M&A push. Profitability (FY: 23.6%, tgt: c.24%) was affected by lower EMEA leverage, US margin dilution from Miracle Ear Direct Retail's expansion (+100 PoS in FY24), and increased marketing in Italy and Spain.

■ **Reassuring messages from the call.** Management will share medium-term plans once macro volatility stabilises. FY top line growth is expected at 5-9% CER, with a more balanced regional mix. Growth guidance at mid-point (~7%) assumes 4% market growth, +1pp outperformance, and ~2% from M&A. US M&A activity to be at historical levels in 2025 after peaking in 2024; the approach remains opportunistic. Assumptions on France (~12% of sales) remain unchanged despite peer conservatism, with ~10% market growth driving EMEA momentum from 2Q, while mid-single digit growth is foreseen in US. The EBITDA margin is set to reach $\geq 24\%$, supported by strong EMEA operating leverage. 1Q remains the smallest quarter, with March (~40% of 1Q) key and 1.5 fewer trading days in 2025 vs. 2024. Advertising campaigns in Spain and Italy show strong brand KPI results.

■ **Change in estimates:** we are trimming 2025 revenues by 2%, cutting top line growth at CER from 9.8% to 7.2%, in line with the guidance mid-point. Assuming a 50bp margin expansion to c.24% and higher interest charges, this leads to a 4-5% cut in adj. EPS.

■ **OUTPERFORM confirmed; new target €30 (from €33).** Following our estimate revision, we are lowering our DCF-based target price from €33 to €30 (~50% upside) while reiterating our OUTPERFORM rating, as we still like Amplifon's long-term story. After two years of volatility, we expect EMEA trends to improve from 2Q, driving stronger investor sentiment, especially ahead of the 4th anniversary of the French reform in mid-2025, which could trigger a structural rebound. While major M&A is unlikely, we see minimal downside risk to our estimates, positioning the company for a favourable outlook. At our TP, the stock would trade at 28x adj. P/E'25 (currently 19x), well below its 5-year historical average of 35x.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 2,260 | 2,409 | 2,586 | 2,798 | 3,008 |
| EBITDA Adj (Eu mn) | 542 | 568 | 621 | 676 | 731 |
| Net Profit Adj (Eu mn) | 215 | 204 | 241 | 274 | 308 |
| EPS New Adj (Eu) | 0.949 | 0.901 | 1.066 | 1.208 | 1.361 |
| EPS Old Adj (Eu) | 0.949 | 0.949 | 1.118 | 1.263 | 1.433 |
| DPS (Eu) | 0.290 | 0.291 | 0.334 | 0.388 | 0.447 |
| EV/EBITDA Adj | 14.1 | 13.5 | 8.9 | 8.0 | 7.3 |
| EV/EBIT Adj | 27.9 | 29.2 | 17.5 | 15.3 | 13.4 |
| P/E Adj | 21.5 | 22.6 | 19.1 | 16.9 | 15.0 |
| Div. Yield | 1.4% | 1.4% | 1.6% | 1.9% | 2.2% |
| Net Debt/EBITDA Adj | 2.5 | 2.6 | 2.3 | 2.0 | 1.7 |

